



**Director of
Central
Intelligence**

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National Intelligence Day

**Wednesday
30 December 1987**

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EAST GERMANY: Walking Tightrope on Liberalization

East Berlin's recently greater permissiveness in cultural policy and tolerance for some criticism of economic performance and environmental policy do not signify that the regime is reconsidering its strong opposition to fundamental political and economic reform. b3

In the wake of an unusually open writers congress last month, East Berlin has decided to allow publication of two novels, including one by Stephan Heym, a prominent writer whose unorthodox books have been banned for almost a decade. The regime has also shown some willingness to acknowledge shortcomings in economic performance and environmental policy. Politburo member Werner Felfe, in a recent keynote speech to the Communist Party Central Committee, noted there was extensive damage in East German forests, even though he omitted mention of the air and water pollution that has greatly concerned the population. The Communist Party's newspaper has published two unusually sharp articles criticizing housing construction and consumer services in two districts. b3

b3 [REDACTED] The regime apparently hopes limited liberalization will stave off domestic and Soviet pressure for more fundamental political and economic reform. Although East German leaders may be concerned that Moscow may have played a role in removing conservative party leader Gustav Husak in Czechoslovakia, they have made clear their unwillingness to emulate Mikhail Gorbachev any time soon despite faint praise for economic restructuring in the USSR. Wary of the link between economic reform and political liberalization, Chairman Honecker and others are emphasizing the dangers they are facing and the need for continued vigilance. b3

Although East Berlin's unusual willingness to air economic grievances does not signal enthusiasm for reform, it does reflect the regime's growing unhappiness with the country's economic performance. Politburo leaders seem to hope that public shaming of economic managers will improve productivity and efficiency so that East Berlin can continue to use a successful economy as a justification for not embracing Soviet-style reform. Continued dissatisfaction with the economy, however, could lead to serious disagreements in the Politburo, which so far has not openly criticized the highly centralized economic structure Honecker established in the 1970s. b3

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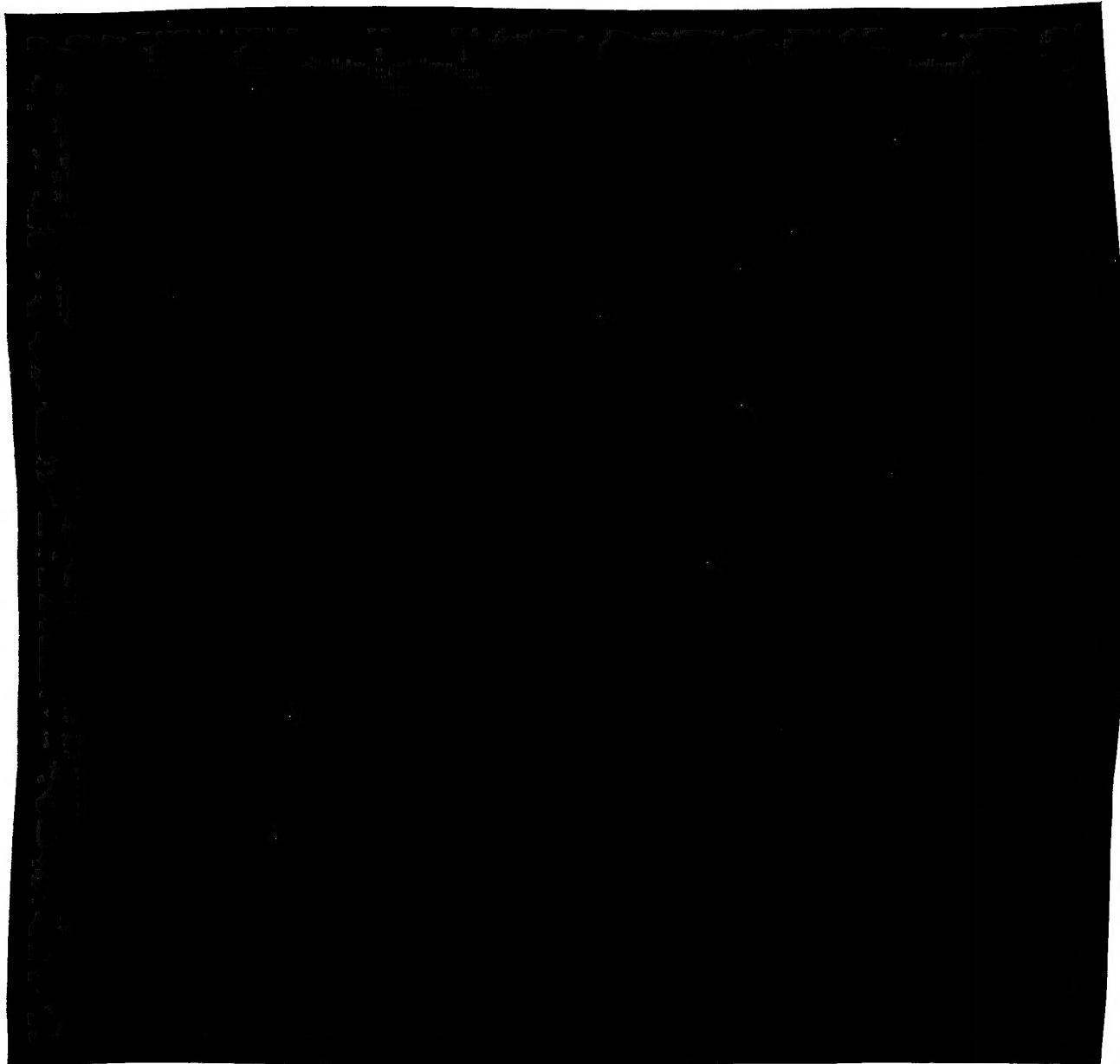
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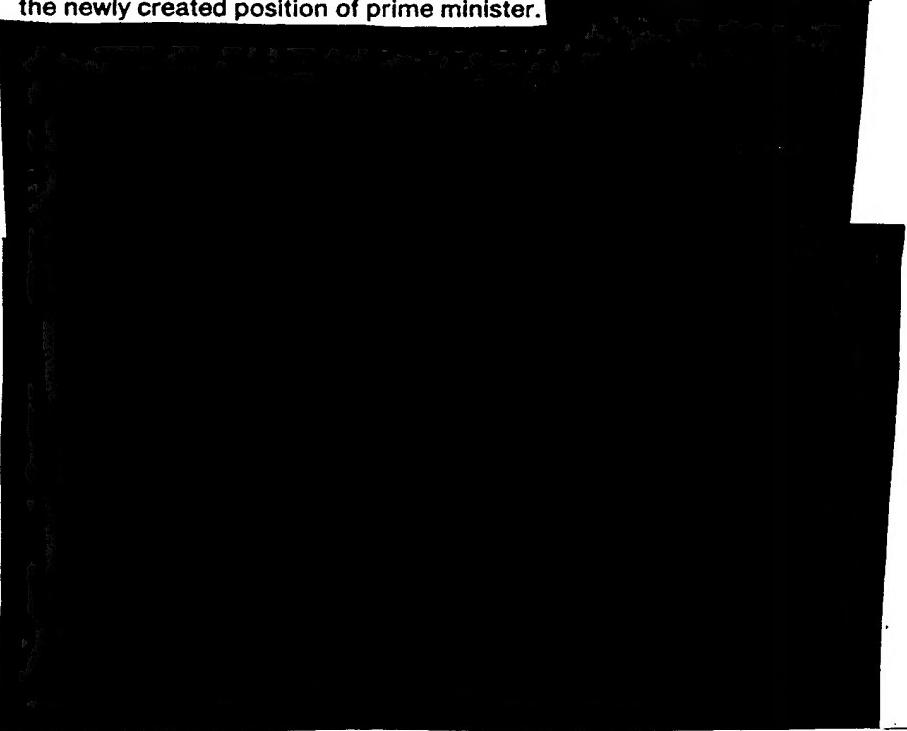
SOMALIA:

New Cabinet Widely Unpopular

Somali President Siad's announcement last week of a new Cabinet has angered key Somali social and military factions.

[REDACTED] b3

This is the first Cabinet shuffle since February, when Siad moved his heir-apparent, Mohamed Ali Samantar, from the Defense Ministry to the newly created position of prime minister.



Grumbling probably has not reached a level to threaten Siad, but he will be watching closely for signs of increased disaffection in the military. The growing frustration with his favoritism and the government's policy drift are likely to increase support for Somali dissidents and may encourage increased meddling by neighboring Ethiopia. [REDACTED] b3

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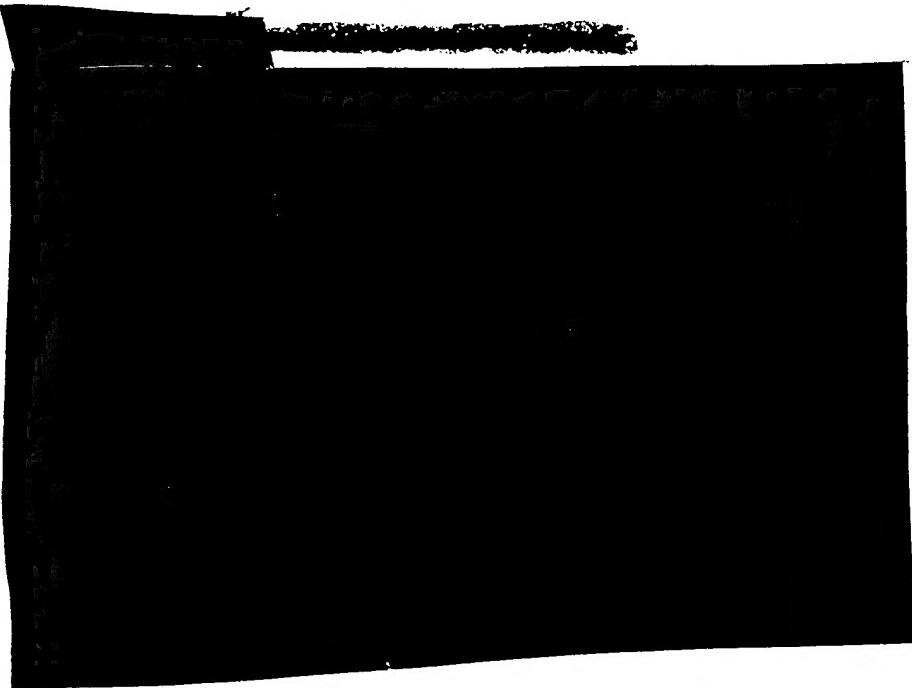
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INDONESIA: Further Economic Deregulation

Jakarta has taken another small step in its piecemeal program to liberalize Indonesia's overregulated, stagnant economy, which has been hit hard by the soft oil market. The government last week announced a package of measures to stimulate nonoil exports and foreign investment. [REDACTED] It lowered import tariffs on a wide range of goods and simplified export regulations on products other than those under export quotas, such as textiles and coffee. [REDACTED] b3

b3 [REDACTED] Jakarta has yet to effect large-scale reform of the pervasive import monopolies, despite growing domestic criticism and urging from Indonesia's major international creditors. Many of those monopolies—such as plastics and steel—are dominated by President Soeharto's family. Soeharto continues to defend import monopolies publicly but is under pressure from key financial advisers to accept further deregulation measures. [REDACTED] b3

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USSR: Turkmenistan Official Murdered Over Reform

Earlier this month a regional party official in the Turkmenistan Republic who had been attempting to expose corruption among oblast party leaders was murdered. [REDACTED] b3
[REDACTED] the official was an instructor in the Chardzhou Administrative Organs Department—the party organization responsible for local oversight of the KGB and the police. After a specially appointed group from the Interior Ministry and a special prosecutor arrived to investigate the murder, the Chardzhou first secretary resigned at a Turkmenistan party plenum amid heavy criticism. [REDACTED] b3

[REDACTED] The murder is indicative of deep-rooted resistance to Moscow's reforms from the police and the party in Central Asia, where General Secretary Gorbachev has pushed hard for change. By swiftly removing the first secretary and publicizing the corruption of those responsible for the murder, the regime is putting local officials on notice that it will not tolerate resistance to reform. In relying on national-level media exposes and outside prosecutors, as he has in Kazakhstan and Uzbekistan, Gorbachev continues to show mistrust that Central Asian officials can tackle corruption. [REDACTED] b3

AFGHANISTAN-USSR: Incidents Involving Westerners

[REDACTED]
[REDACTED] There have been several incidents in Afghanistan in recent months involving foreigners, however, including the deaths of two US journalists and the arrests of two Western reporters. Kabul has also announced the capture of a West German "agent" and the death of a British journalist elsewhere in Afghanistan. [REDACTED] b1 b3
[REDACTED] b3

[REDACTED] There is no evidence that any US citizens are in Paktia, but journalists—including Americans—do accompany insurgent groups occasionally. The Soviets may misidentify as American any English speakers or individuals wearing Western clothing. Moscow undoubtedly will use the presence of any foreign journalist to lend credibility to its claims of foreign interference in Afghanistan. [REDACTED]

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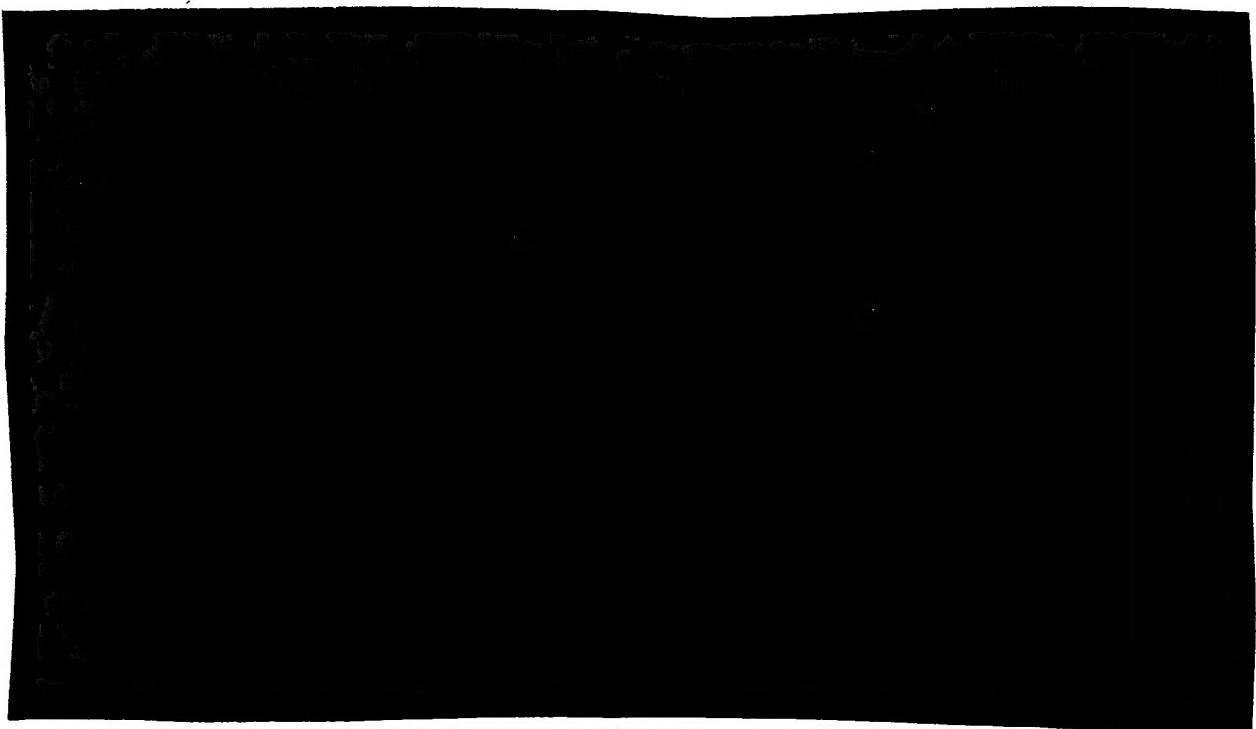
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In Brief

Americas

- Brazil's new chief debt negotiator is Fernando Millet, until now Central Bank president . . . will provide continuity for negotiations but unlikely to alter Brasilia's debt strategy . . . no successors named yet as Finance Minister, Central Bank president. b3
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- Leaders of 13-nation Caribbean Community will hold emergency meeting Monday in Barbados to discuss Haiti's coming general election . . . probably will condemn Haiti's new electoral laws, urge election postponement, but trade sanctions unlikely. b3
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East Asia

- Soviets again last week apologized for intruding on Japan's airspace early this month, implied pilot error . . . promised to demote pilot, adopt preventive measures . . . Moscow chagrined at timing of incident. b1
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Europe

— Poland delaying planned price increases until February, will consult official trade unions first . . . buying time to win broader union support, public acceptance for austerity measures . . . further retreat from proposals defeated in last month's referendum.

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Moscow's Renewed Reliance on Repression

- In mid-September, police broke up a planned demonstration against anti-Semitism and detained participants en route, including members of the Begun family. *Izvestiya* attacked the protest organizers for being Zionists.
- On 1 October, authorities detained two editors of the *Glasnost* journal and confiscated the 70 copies they were carrying, wiping out one of the journal's editions.
- On 7 October, 2,000 Crimean Tatars [REDACTED] were arrested as they tried to march to the Crimean Peninsula.
- On 30 October, Moscow police detained about 35 human rights activists, including Lev Timofeyev and Sergey Grigoryants, to prevent a demonstration in support of political prisoners.
- On 18 November, authorities in Riga quashed a march by more than 2,000 Latvian nationalists by mobilizing some 10,000 uniformed, plainclothes, and "voluntary" police; jailing three organizers; forcing others to leave the country; and threatening and arresting several others.

[REDACTED]
- Sergey Grigoryants and about 50 members of a group trying to demonstrate against official anti-Semitism on 22 November were arrested on their way to the planned protest site.
- On 22 November, a 300-person-strong religious demonstration in the Ukraine was reportedly broken up with the arrest of at least 10 participants.
- On 24 November, a group of about 15 young Jewish refuseniks demonstrating on behalf of a family denied exit permission was beaten and kicked by plainclothes thugs, fined, and held for several days. The plainclothesmen also destroyed some of the camera equipment belonging to several Western newsmen covering the event.
- On 25 November, a Pentecostalist couple who had been released earlier in the year were beaten up, forced onto an airplane, and sent into internal exile near the Czechoslovak border.
- During the Reagan-Gorbachev summit, Soviet authorities harassed a small group of Soviet Jews demonstrating for the right to emigrate by busing in scores of plainclothes bullies who were later billed in the official media as the original pro-peace demonstration. A CNN correspondent covering the protest was detained.
- On 10 December, the anniversary of the UN-proclaimed Human Rights Day, authorities prevented several would-be participants from attending an unofficial seminar on human rights and arrested four Ukrainian activists en route to the meeting on trumped-up drug charges. Subsequently, however, the drug charges were dropped, and as many as 400 seminar participants were allowed to meet in private apartments from 10 through 15 December.

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Special Analysis

USSR:

Backsliding on Human Rights

After major improvement early this year, Soviet treatment of dissidents deteriorated this fall. Local authorities have more frequently reverted to coercion against dissidents and refuseniks. General Secretary Gorbachev—faced with sharp criticism of dissident activity from his colleagues—seems to have agreed to set narrower limits. [REDACTED] b3

Over the past year, the regime has taken a number of highly visible steps to improve Moscow's poor image on human rights. The steps include the return to Moscow of Andrey Sakharov and the release of more than 250 political prisoners. During the spring and summer, arrests of dissidents virtually stopped. But this trend seemed to stall in September. [REDACTED] b3

Signs of Backtracking

The release of prisoners has slowed significantly, and the regime has resorted increasingly to exile for the most obstreperous activists. The courts have sentenced dissidents to short jail terms and levied fines with increasing frequency. [REDACTED] b3

The regime has taken a tougher line on activities by prominent former political prisoners who had earlier appeared immune from renewed attacks. The authorities have harassed Sergey Grigoryants and Lev Timofeyev, who together organized the *Glasnost* Press Club, the *Glasnost* journal, and a human rights seminar in Moscow this month. In September, Novosti Director Fain accused Grigoryants of violating libel laws, and the KGB has apparently put pressure on Timofeyev's boss to fire him. [REDACTED] b3

On 1 September, following a series of highly visible demonstrations in Moscow, city authorities issued "temporary regulations" that required protesters to get permission seven days in advance and barred all demonstrations in public areas like Red Square. Since the regulations came into effect, local authorities in Moscow have disapproved virtually all applications, and other cities have followed suit. On more than one occasion, the regime has organized counterdemonstrations to intimidate protesters. [REDACTED] b3

Several human rights activists have reportedly received death threats and beatings since late August. Religious and nationalist protesters—Balts, Crimean Tatars, Jews, and Ukrainians—have been subjected to especially harsh treatment. [REDACTED] b3

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A Few Bright Spots

Despite the trend, at least a dozen additional prisoners have been freed from labor camps or psychiatric asylums since 1 September. Although the regime still detains some dissidents in psychiatric hospitals, a Soviet press campaign against psychiatric abuse continues. The regime has released some refuseniks who were well known in the West, and the overall emigration picture has continued to improve virtually each month this year. The rehabilitation of Andrey Sakharov has accelerated; a Soviet journal published his criticism of Soviet policy in Afghanistan and his demands for the release of all political prisoners. His signature even appeared on an obituary for a Soviet physicist, along with those of Gorbachev and other Politburo members.

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Why the Tougher Stance?

The Soviet leadership, clearly concerned and perhaps surprised by the surge in nationalist activism and the released prisoners' aggressive use of opportunities to organize, may believe that only a policy of greater repression can keep dissent within tolerable bounds. Gorbachev's more conservative colleagues, KGB Chief Chebrikov and "Second" Secretary Ligachev, have been especially vocal in registering their belief that "anti-Soviet" activists and nationalists are using *glasnost* and "democratization" for their own purposes. b3

Gorbachev himself may agree it is essential to tighten controls to keep demonstrations in hand because the variety of nationalist expression and public demonstrations unleashed by the loosening of controls is unprecedented in recent Soviet history. In view of the increased political weight of conservative leaders, he may believe, moreover, that a tactical retreat is necessary to prevent a split in the Politburo. b3

It is unlikely that the current mix of relaxation and repression is final. The crackdown poses a predicament for Gorbachev because he had hoped that relaxing controls on dissent would give him and the regime greater credibility both abroad and with the intelligentsia at home. He still seems to be seeking this credibility and may hope that the current dose of repression will encourage would-be dissenters to exercise greater unilateral restraint. b3

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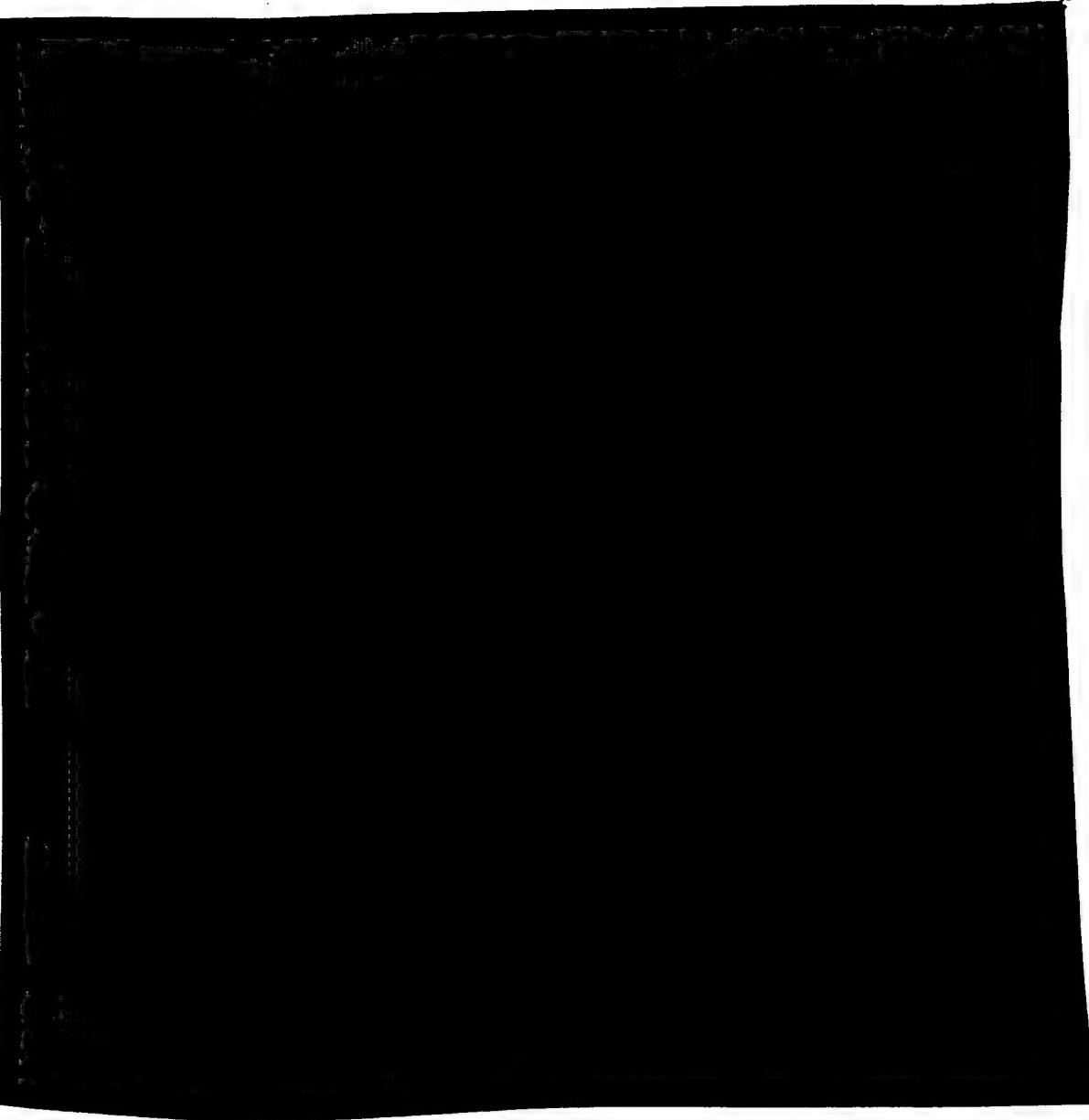
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Special Analysis



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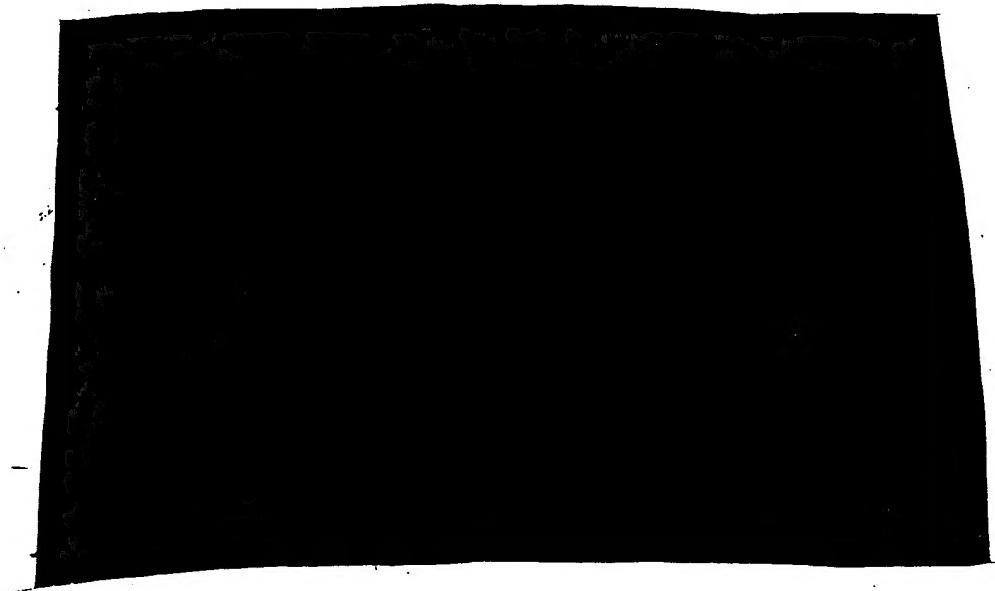
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Iranian Factionalism

Despite divisions on key domestic and foreign policy issues, the Iranian leadership appears firmly united on the goal of undermining the US role in the Persian Gulf. Tehran's ability to coordinate a campaign of military actions, diplomacy, and terrorism to work against US and Gulf state resolve and to reduce Iran's international isolation reflects a strong degree of cohesiveness among the leadership on these issues. Differences that have appeared have been over the tactics and not the goal of removing the US from the region. Hostility toward the US has been a fundamental tenet of the Khomeini regime, and, unlike other issues confronting the clerics, Khomeini has issued clear public guidelines, rejecting compromise with Washington. Tehran almost certainly views the US military buildup as a threat to the survival of the Islamic republic as well as to Iran's goals of victory in the war with Iraq and hegemony in the Gulf.

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Special Analysis

IRAN:

After Khomeini

The transition to a new Iranian regime when the Ayatollah Khomeini dies is likely to go smoothly at first, but, as rival leaders vie for power, the political scene probably will become volatile. Assembly Speaker Rafsanjani, the second most powerful leader in Iran, is likely to emerge at the head of a coalition of key leaders. His ability to maintain the support of the Revolutionary Guard will determine whether he can prevent the regime from unraveling. Iran's war policy and hostility toward the US are not likely to change rapidly when Khomeini dies. b3

The publicity surrounding the recent issuance of Khomeini's new will and the concern aroused by rumors of his imminent death highlight the importance of his leadership to the stability of the regime. He retains a key role establishing policy guidelines on major issues, arbitrating disputes within the leadership, and rallying popular support. b3

With his departure, factionalism among the leadership will probably become the most serious threat to the long-term stability of the Islamic republic. Radical and conservative clerics and their lay allies are deeply divided over the direction Iran should take. They disagree on economic policy, the role of clerics in government, and how aggressive Iran should be in exporting its revolutionary ideals. b3

Rafsanjani the Key

The odds appear better than even that Rafsanjani can consolidate his control after Khomeini dies. He is an opportunist who has prevailed by maneuvering between the factions and by putting together a coalition of allies in the cabinet, the Revolutionary Guard, the Intelligence services, and the parliament. b3

Rafsanjani's success in building this coalition makes it likely that the succession will go smoothly at first. Ayatollah Montazeri, Khomeini's designated heir, will assume Khomeini's position as Iran's supreme religious leader but lacks Khomeini's religious standing, popular appeal, and political skills. He probably will be only a titular leader. Rafsanjani supports Montazeri because he believes he can be manipulated and because he needs Montazeri's formal endorsement for his policies. b3

Factional disputes, however, are bound to intensify. Rafsanjani's toughest challenge will probably come from the radicals well entrenched throughout the government, including the cabinet and the Revolutionary Guard. Some may regard confrontation with Rafsanjani as necessary in order to reverse what they see as a drift from the true principles of the revolution. And they appear powerful enough to force Rafsanjani to support most points on their agenda, including

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centralizing control over the economy and aggressive export of the revolution. The radicals, however, have serious divisions within their ranks that Rafsanjani may be able to exploit. [REDACTED] b3

If Rafsanjani fails to take charge after Khomeini dies, the chances of a destabilizing all-out power struggle would increase significantly. Many contenders are likely to bid for control, but no other leader appears to have Rafsanjani's ability to effect compromises. If infighting turns violent, the more radical elements in the regime would have a decided edge in such a struggle because they control the most guns. [REDACTED] b3

Post-Khomeini Policies

A post-Khomeini regime probably will not make abrupt shifts on major domestic and foreign policy issues. It will remain committed to the overthrow of the Ba'thist regime in Baghdad; pressure from the radicals would hinder Rafsanjani or any other leader from seeking peace. If popular opposition to the war or crippling economic problems threaten the regime, a Rafsanjani leadership would allow the fighting to subside rather than seek a negotiated settlement. [REDACTED] b3

There will be little chance for early improvement in relations with the US. Most Iranian leaders share Khomeini's view that the US is the greatest threat to the Iranian revolution and to Islam. The image of the US as the "great Satan" will be an important symbol of continuity after Khomeini. Rafsanjani is unlikely to make overtures to the US that would risk jeopardizing radical support. [REDACTED] b3

A fundamental improvement in Iranian-Soviet relations is also remote. Hostility toward Communism, the Soviet occupation of Afghanistan, and Moscow's military support for Iraq will continue to weigh against a rapprochement. Nevertheless, the increased US presence in the Persian Gulf has caused Tehran to seek better relations with Moscow, and this could give the Soviets an advantage in the competition for influence after Khomeini dies. Military clashes between Iran and the US would enhance that advantage. [REDACTED] b3

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